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Luxembourg

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Official Name: Grand Duchy of Luxembourg

PROFILE

People

Nationality: *Noun*—Luxembourger(s). *Adjective*—Luxembourgish. **Population** (1981): 365,000. **Annual growth rate**: Less than 1%. **Ethnic groups**: Celtic base with French and German blend; also, guest/worker residents from Portugal, Italy, and other European countries. **Religion**: Roman Catholic. **Languages**:: Luxembourgish, French, German. **Education**: *Years compulsory*—9. *Attendance*—100%. *Literacy*—100%. **Health**: *Infant mortality rate*—12/1,000. *Life expectancy* (1976–78)—68 yrs. men, 75 yrs. women. **Work force** (160,900): *Agriculture*—0.5%. *Industry and commerce*—42%. *Services*—45%. *Government*—12%.

Geography

Area: 2,586 sq. km. (1,034 sq. mi.); about the size of Rhode Island. **Cities**: *Capital*—Luxembourg (pop. 80,000). *Other cities*—Esch/Alzette, Dudelange, Differdange. **Terrain**: Continuation of the Belgian Ardennes in the north, heavily forested and slightly mountainous; extension of French Lorrain Plateau in the south, with open, rolling countryside. **Climate**: Cool, temperate, rainy; like Pacific Northwest.

Government

Type: Constitutional monarchy. **Independence**: 1839. **Constitution**: 1868.

Branches: *Executive*—grand duke (chief of state). *Legislative*—bicameral Parliament (Chamber of Deputies and Council of State). *Judicial*—Superior Court.

Political parties: Christian Social Party (PCS), Socialist Party (POSL), Democratic (Liberal) Party (PD), Social Democratic Party (PSD), Communist Party (PCL). **Suffrage**: Universal over age 18.

Central government budget (1982): $1,128,000. **Defense**: 2.8% of 1982 budget.

National holiday: June 23.

Flag: Three horizontal stripes—red, white, and sky blue—from top to bottom.

Economy

GDP: $3.816 billion. **Annual growth rate**: 2.7%, 1971–80; –1.6%, 1981. **Per capita income**: $10,444. **Avg. inflation rate** (1982): 12%.

Natural resources: Iron ore.

Agriculture (2.4% of GNP): *Products*—dairy, corn, wine. *Arable land*—43.9%.

Industry (31.5% of GNP): Steel, chemicals.

Trade (1981): *Exports*—$1.9 billion: steel, plastics, and rubber products. *Major markets*—FRG, Belgium France. *Imports*—$2.3 billion: minerals (including ore, coal, and petroleum products), mechanical and electrical equipment, transportation equipment, scrap metal. *Major suppliers*—other EC countries.

Exchange rate (1982): 45 flux = US$1.

Fiscal year: Calendar year.

Membership in International Organizations

UN and its specialized agencies, Organization for Economic Cooperation and Development (OECD), Benelux Customs Union, International Energy Agency, Belgium-Luxembourg Economic Union (BLEU), European Community (EC), NATO, INTELSAT.

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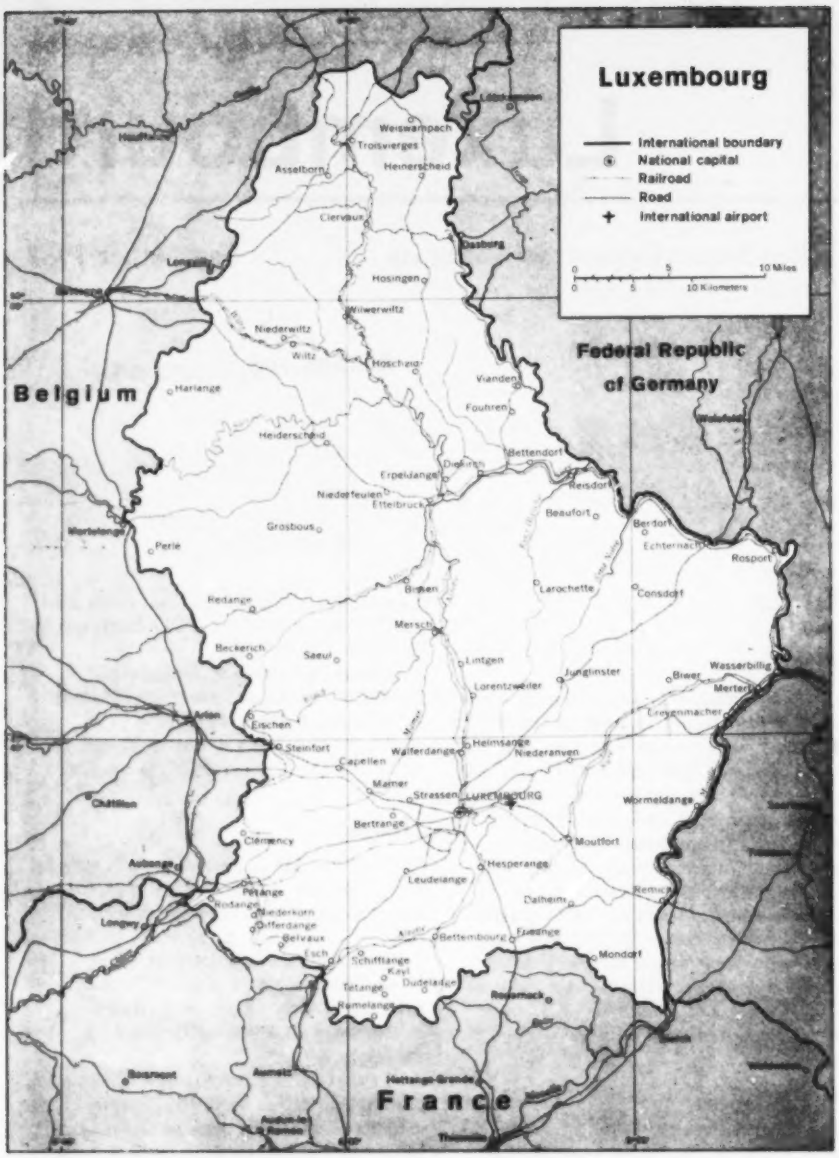

PEOPLE

Luxembourgers express independence and national solidarity while espousing a pragmatic, international outlook. Luxembourgish, the spoken, indigenous language, is an old Moselle-Frankish dialect blended with elements of German and French. The official language of the civil service, law, and Parliament is French, with a few exceptions—criminal and legal debates are conducted partly in Luxembourgish. German is the primary language of the press. Pupils are taught in both languages, with German spoken mainly at the primary level and French at the secondary level.

GEOGRAPHY

Luxembourg is bordered by France, the Federal Republic of Germany, and Belgium. The northern half of the country is largely a continuation of the Belgian Ardennes and is heavily forested and slightly mountainous. The Lorrain Plateau extends from France into the southern part of Luxembourg, creating an open, rolling countryside at an average elevation of 300 meters above sea level (1,000 ft.). The Our, Sure, and Moselle Rivers form the north-south frontier between Luxembourg and Germany.

Luxembourg has a climate much like that of the U.S. Pacific Northwest—cool, temperate, and rainy. Summer temperatures average 15°C (60°F), and winters are mild, with an average low of −1.7°C (29°F).

HISTORY

In A.D. 963, Siegfried, Count of the Ardennes, established the Luxembourg dynasty by having a castle built on a rocky promontory, the site of the present City of Luxembourg. Several towns grew up around the castle and, in turn, were surrounded by heavy fortifications, until the entire area became a single, mighty fortress called the "Gibraltar of the North." During the five centuries following Seigfried's acquisition of the area, national heroes such as Sigismund, Wenceslaus, Henry VII, Charles IV, and, especially, John the Blind, fought bloody battles against invaders.

Until the end of the 15th century, the Luxembourg dynasty remained semi-autonomous. In 1443, the dynasty came to an end with the Burgundian conquest of the area, which heralded several more centuries of warfare.

In 1815, after 400 years of domination by various European nations, Luxembourg was made a grand duchy by the Congress of Vienna. It was granted political autonomy in 1838 under King William I of the Netherlands, who was also the Grand Duke of Luxembourg. The country considers its year of independence to be 1839.

By the Treaty of London in 1867, Luxembourg was recognized as an independent state and was guaranteed perpetual neutrality. After being occupied by Germany in both World Wars, Luxembourg formally abandoned neutrality in 1949 by becoming a charter member of the North Atlantic Treaty Organization (NATO).

The present sovereign, Grand Duke Jean, succeeded his mother, Grand Duchess Charlotte, on November 12, 1964, when she abdicated after a 45-year reign.

GOVERNMENT

Luxembourg has a parliamentary form of government with a constitutional monarchy. Under the constitution of 1868, as amended, the grand duke is the chief of state. Executive power is exercised by the grand duke and the Council of Government (cabinet), which consists of a president of the government (prime minister) and several other ministers. The prime minister is the leader of the

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political party or coalition of parties having the most seats in Parliament.

Legislative power is vested in the Chamber of Deputies, elected directly to 5-year terms. A second body in the Parliament is the Council of State, largely composed of elder statesmen and appointed by the grand duke. It exercises some of the functions of an upper house but can be overridden by the Chamber of Deputies.

Codified as in France and Belgium, the law is a composite of local practice, legal tradition, and foreign systems—French, Belgian, and German. The apex of the judicial system is the Superior Court, the judges of which are appointed by the grand duke.

Principal Government Officials

Chief of State—Grand Duke Jean
President; Minister of State; Minister of Cultural Affairs and Religion; Minister of International Finance—Pierre Werner (PCS)
Vice President; Minister of Foreign Affairs; Minister of Economy and Foreign Commerce; Minister of the Middle Classes; Minister of Justice—Colette Flesch

Other Ministers

Health, Defense, and Sports—Emile Krieps (PD)
Agriculture, Viticulture and Forests, and Waters—Camille Ney (PCS)
Environment, Transport, Communication and Information, and Energy—Josy Barthel (PD)
Finance, Works, and Social Security—Jacques Santer (PCS)
Public Works and the Civil Service—Rene Konen (PD)
Interior, the Family, and Housing—Jean Spautz (PCS)
Education, National Solidarity, and Tourism—Fernand Boden (PCS)

Secretaries of State

Finance—Ernest Muhlen (PCS)
Foreign Affairs, Foreign Commerce, Energy, Justice, Middle Classes, and Aid—Paul Helminger (PD)

Ambassador to the United States—Adrien Meisch
Ambassador to the United Nations—Paul Peters

Luxembourg maintains an embassy in the United States at 2200 Massachusetts Avenue NW., Washington, D.C. 20008 (tel. 202-265-4171) and consulates or honorary consular representatives in many U.S. cities.

POLITICAL CONDITIONS

Under the amended constitution of 1868, Luxembourg has been ruled by a combination of two out of three major parties: the Christian Social Party (PCS), the Socialist Party (POSL), and the Democratic (Liberal) Party (PD).

From the end of World War I until 1974, the PCS was the dominant partner in the governing coalitions. The PCS is Roman Catholic-oriented and compares with the Christian Democratic parties of other West European countries. It enjoys widely based popular support among farmers, conservative groups, and Catholics. It is relatively "internationalist" in outlook and strongly supports NATO.

The PD is a center party, drawing support from the professions, merchants, and urban middle class. It is similar to other West European liberal parties, favoring progressive social legislation and advocating minimum government involvement in the economy. It is strongly pro-NATO and has been in the government since 1969.

The POSL is philosophically similar to the German Social Democratic Party. The party was deeply split over the issue of cooperation between Socialists and Communists at the communal level. After the departure of its conservative elements, who formed the Social Democratic Party (PSD), the POSL followed a moderate, pro-NATO position while in the government with the PD from 1974 through June 1979. The PSD has not been able to strengthen its political base and in 1979 won only 6% of the vote and two seats.

In prosperous, bourgeois Luxembourg, the Communist Party (PCL) had received a steady 10%–18% of the votes in national elections since World War II; but in 1979 their vote fell to 5.8%, and they won only two seats. The main strength of the PCL lies in the steelbelt in Esch-sur-Alzette and other cities of the industrialized south.

FURTHER INFORMATION

For information on foreign economic trends, commercial development, production, trade regulations, and tariff rates, contact the International Trade Administration, U.S. Department of Commerce, Washington, D.C. 20230 (or any of its district offices). Information is also available from the Luxembourg Board of Economic Development at 825 Third Ave., New York, N.Y. 10022 (tel. 212-486-9890).

The Luxembourg Tourist Office is located at 1 Dag Hammarskjold Plaza, New York, N.Y. (tel. 212-751-9650).

COMPOSITION OF CHAMBER OF DEPUTIES

	Party	*Seats*
Government	PCS	24
Coalition	PD	15
		39
Opposition	POSL	14
	PSD	2
	PCL	2
	Soc. Ind.	1
	Independents	1
		20

In the last parliamentary elections, in June 1979, the PCS gained 6 seats for a total of 24, and the PD also gained a seat, to have 15. The Socialists lost a seat, while the Communists and the PSD lost three seats each. Thereupon, the PCS leader, Pierre Werner, again formed a government, with Gaston Thorn as vice president and foreign minister. At the end of 1980, Thorn resigned to become president of the European Commission and was replaced by Colette Flesch.

ECONOMY

Luxembourg is aptly described in tourist literature as the "green heart of Europe." Despite its pastoral scenery, however, Luxembourg is a highly industrialized and export-intensive country. Its main industry, steel, is produced along the French border.

In 1876, English metallurgist Sidney Thomas invented a refining process that led to the development of the steel industry in Luxembourg and the foundation of the giant Arbed company in 1911—now the fourth largest steel producer in Europe and the 10th largest in the world. Recently, Arbed has had to face the same cutbacks in employment and production, as well as profits, that have hurt the steel industry worldwide. Industrial production in Luxembourg fell by 22.5% from 1974 to 1981, a decline directly due to the fall in steel production.

By contrast, the volume of market services has increased by more than 8% annually over the last decade, increasing its share of production from 35% in 1970 to more than 50% last year.

By yearly comparison, industrial production in Luxembourg was down by 6.8% last year over 1980, with steel production down 18% to 3.8 million metric tons. Other branches of industrial activity were stagnant.

TRAVEL NOTES

Climate and clothing—Damp weather prevails, and rainwear is needed year round. Lightweight clothes are useful for summer; warm clothes for the chilly winters.

Customs—US citizens visiting for less than 3 months need a passport and onward passage, but no visa. Foreign currencies may be imported or exported without restriction.

Health—Public health standards compare with those in the US. Medical and surgical care is good. Local pharmacies stock most medicines.

Telecommunications—Telephone and telegraph services are similar to those in the US. Direct-dial service is available to most of Europe and the US. Luxembourg is 6 hrs. ahead of eastern standard time.

Transportation—Luxembourg has daily flights to and from many European capitals and the US and excellent rail service to all points in Europe. In the capital, buses are inexpensive and plentiful; taxis are relatively expensive but readily available. The country has good paved highways to European cities.

The country registered a balance-of-trade deficit in 1981 of 23 billion Luxembourg francs (about $515 million). This was compensated by banking and tourism services, so that at the end of the year the Grand Duchy was able to report a current account balance-of-payments surplus of an estimated 40 billion francs ($900 million).

Luxembourg has a growing number of medium and light industries, which have been encouraged as part of the effort to broaden the country's industrial base. These new industries, in which U.S. multinational firms in rubber, chemicals, glass, and metal fabrication predominate, account for 20% of industrial production. Luxembourg continues to offer a favorable climate for foreign investment, and the Luxembourg Government is seeking new investment by tax, construction, and equipment incentives. The original value of U.S. direct investment is about $475 million (with a current market value of about $800 million). At a per capita level of more than $1,500, this is believed to be the highest level of U.S. direct investment outside North America. The largest U.S. firms are Goodyear and Dupont.

Luxembourg has a small but productive agricultural sector, which provides employment for about 0.5% of the labor force. Most farmers are engaged in raising livestock, and the principal products are dairy and meat. Vineyards of the Moselle Valley produce annually about 10 million liters (about 3 millions gallons) of white wine.

In recent years, banking and related financial activities have exhibited rapid growth, and Luxembourg has become one of Europe's financial centers. Nine Luxembourg and 106 foreign banks from the Federal Republic of Germany, the United States, Scandinavia, Switzerland, France, Belgium, Japan, China, the U.S.S.R., and other countries are represented. The volume of financial activities has shown steady growth, and total assets of banks and saving institutions in Luxembourg now exceed $100 billion, of which 85% is denominated in foreign currencies, primarily U.S. dollars and German marks. More than 5,000 holding companies are established in Luxembourg. The European Investment Bank, the financial institution of the European Community, is also located in Luxembourg.

A tripartite conference of government, employer, and labor union representatives conducts labor relations, which have been peaceful since the 1930s. The creation of the National Society for Credit and Investment (SNCI) enables the government to seek new foreign investment and to encourage expansion by established firms.

Apart from steel, construction, and synthetic fibers, Luxembourg's industries have registered progress. However, faced with predictions of slowing worldwide growth, rising inflation, and reduced world demand for steel, the Luxembourg Government foresees reduced real growth of the gross domestic product and increased inflation. An austerity program was inaugurated in 1982.

FOREIGN RELATIONS

As a small, West European country with an economy oriented toward trade with its neighbors, Luxembourg has long been a proponent of greater European political and economic integration. At the same time, it has consistently recognized that European unity makes sense only in the context of a dynamic, transatlantic relationship and has traditionally pursued a pro-United States, pro-NATO foreign policy. Luxembourg's defense system (an army comprising about 500 troops) rests upon the country's endorsement of the NATO alliance and, in particular, on the warm association with the United States. The U.S. deterrence and military support, especially in storage sites within Luxembourg and nearby bases, constitutes the principal military strength in the area.

Luxembourg participates in many international and regional organizations. In developments which foreshadowed the European unity movement, Luxembourg joined Belgium in 1921 to form the Belgian-Luxembourg Economic Union (BLEU), which created a common currency, and later joined both Belgium and the Netherlands to form the Benelux Customs Union.

A founding member of the European Community (EC), Luxembourg is the site of the European Court of Justice and other vital EC organs. The European Parliament, the secretariat of which is located in Luxembourg, usually meets in nearby Strasbourg, France.

U.S.-LUXEMBOURG RELATIONS

Relations between the United States and Luxembourg traditionally have been warm and close, both bilaterally and through common membership in the Organization of Economic Cooperation and Development (OECD) and NATO. Most Luxembourgers, regardless of their political views, harbor warm feelings toward Americans, largely as a result of the major role played by U.S. forces in liberating the country at the end of World War II. More than 5,000 American soldiers who died in the war, as well as Gen. George S. Patton, are buried at Hamm, just outside Luxembourg City.

Principal U.S. Officials

Ambassador—John C. Dolibois
Deputy Chief of Mission—James H. Madden
Political Officer—Peter Holt
Economic/Commercial/Consular Officer—Matthew Ward
Administrative Officer—Francine Bowman

The U.S. Embassy in Luxembourg is located at 22, Boulevard Emmanuel Servais, Luxembourg City (tel. 40123/6). ■

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